JLL®

Orlando

Q4 2019

Industrial Insight

Tenants afforded opportunities in the wake of 8.7 million square feet of deliveries during the last 3 years

- Supply continues to enter the pipeline even in the wake of record development earlier this year with 2019 delivering 2.73 million square feet.
- Demand has fallen off sharply leaving many recently delivered mega-warehouses vacant. Amazon continues to be a demand driver.
- Pricing has risen over the course of 2019 as the proportionate share of new construction product in the marketplace increases.

As 2019 drew to a close and 2020 kicks off, developers are faced with an increasingly competitive environment. Of the buildings that delivered in 2019, there is a considerable vacancy of 67.1% as of December 17th. Mounting pressure on developers to acquire tenants has not yet manifested any stall in rent growth, albeit a meaningful portion of the average rent increase is due to the new development's share of availability drawing the tides upward. Not withstanding, this phenomenon has been undoubtably noticed by developers as only one speculative project kicked off during the fourth quarter: the 260,820 square foot warehouse in Liberty at AIPO. Roughly 3.5 million square feet continues to sit in the proposed pipeline.

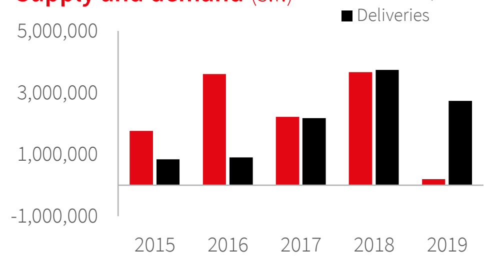
Tenant demand is far less prevalent in 2019 than in 2018 with absorption decreasing 93.6% since last year despite 2.73 million square feet delivering. In fact, deliveries outstripped absorption 13.4 to 1, bumping vacancy up 220 basis points. Despite this, touring activity does remain strong and the anomalous Winn Dixie vacate of approximately 1.1 million square feet holds absorption low. This building has seen steady activity as well with multiple full-building proposals in motion. Furthermore, Lasership, Amazon, and US Ventures occupied large new spaces, keeping the market moving.

Outlook

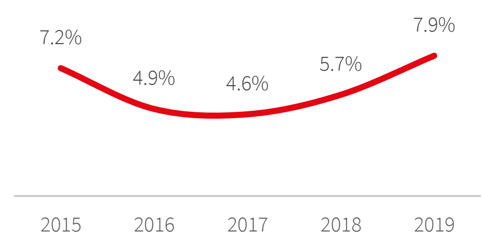
The ongoing decompression of vacancy will more than likely spell out a decidedly more tepid supply trend as the market struggles to digest the nearly 9.0 million square feet sitting empty. Absorption progress in speculative construction at key developments such as McCraney's Infinity Park, Bluescope's Mid Florida Logistics Park and Foundry's Crew Commerce Center will continue to serve as leading indicators for tenant appetite going into the new year. Tenant interest in the market does remain active although deal velocity has slowed.

Fundamentals		Forecast
2019 net absorption	204,252 s.f.	▶
QTD net absorption	-54,075 s.f.	▲
Under construction	1,980,695 s.f.	▶
Total vacancy	7.9%	▲
Average asking rent (NNN)	$6.36 p.s.f.	▶
Tenant improvements	Rising	▲

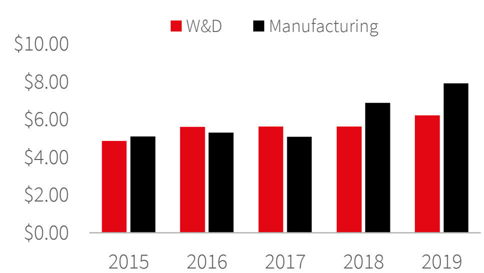
Supply and demand (s.f.)



Total vacancy



Average asking rents ($/s.f.)



For more information, contact: Jacob Attaway | Jacob.Attaway@am.jll.com

Orlando | Q4 2019

JLL Research Report

Industrial Statistics

	Inventory (s.f.)	Quarterly total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Total vacancy (%)	Total availability (%)	Average total asking rent ($ p.s.f.)	Quarterly Completions (s.f.)	YTD Completions (s.f.)	Under construction (s.f.)
Orlando total										
Warehouse & Distribution	88,591,511	220,826	-29,010	0.0%	8.7%	11.2%	$6.22	1,133,403	2,399,121	1,980,695
Manufacturing	22,276,213	-315,502	159,995	0.7%	4.6%	7.1%	$7.91	0	253,408	0
Overall Total	**110,972,799**	**-54,075**	**204,252**	**0.2%**	**7.9%**	**10.4%**	**$6.36**	**1,133,403**	**2,734,329**	**1,980,695**
Osceola County										
Warehouse & Distribution	3,203,962	0	75,646	2.4%	0.0%	0.0%	$12.00	0	0	0
Manufacturing	887,741	0	5,963	0.7%	4.2%	1.9%	$12.00	0	0	0
Overall Total	**4,091,703**	**0**	**81,609**	**2.0%**	**0.9%**	**0.4%**	**$12.00**	**0**	**0**	**0**
Seminole County										
Warehouse & Distribution	6,143,202	53,068	41,318	0.7%	4.7%	6.2%	$6.56	0	0	0
Manufacturing	3,852,643	-4,761	188,997	4.9%	7.6%	7.0%	$6.00	0	0	0
Overall Total	**9,995,845**	**48,307**	**230,315**	**2.3%**	**5.9%**	**6.5%**	**$6.53**	**0**	**0**	**0**
Brevard County										
Warehouse & Distribution	5,366,567	-21,850	52,866	1.0%	6.3%	7.1%	$7.22	0	0	0
Manufacturing	5,670,122	-11,873	116,058	2.0%	2.9%	7.7%	$6.96	0	0	0
Overall Total	**11,036,689**	**-33,723**	**168,924**	**1.5%**	**4.6%**	**7.4%**	**$7.14**	**0**	**0**	**0**
Lake County										
Warehouse & Distribution	3,639,207	41,202	124,283	3.4%	4.4%	12.0%	$5.89	107,566	107,566	0
Manufacturing	1,433,825	-275,000	-336,250	-23.5%	26.5%	23.5%	$5.75	0	0	0
Overall Total	**5,073,032**	**-233,798**	**-211,967**	**-4.2%**	**10.7%**	**15.2%**	**$5.82**	**107,566**	**107,566**	**0**
North Orange										
Warehouse & Distribution	17,583,037	-37,072	-886,340	-5.0%	12.7%	15.7%	$6.54	169,962	460,728	1,068,998
Manufacturing	3,232,002	0	34,072	1.1%	1.3%	8.4%	$5.81	0	0	0
Overall Total	**20,845,639**	**-22,072**	**-821,668**	**-3.9%**	**10.9%**	**14.6%**	**$6.53**	**169,962**	**491,328**	**1,068,998**
Southeast Orange										
Warehouse & Distribution	32,771,775	87,141	445,063	1.4%	9.9%	12.0%	$5.90	215,982	1,599,335	481,617
Manufacturing	5,461,628	2,310	250,710	4.6%	0.0%	2.9%	$13.89	0	253,408	0
Overall Total	**38,307,878**	**115,052**	**738,440**	**1.9%**	**8.5%**	**10.7%**	**$6.27**	**215,982**	**1,903,943**	**481,617**
Southwest Orange										
Warehouse & Distribution	19,883,761	98,337	118,154	0.6%	7.2%	10.1%	$6.11	639,893	231,492	430,080
Manufacturing	1,738,252	-26,178	-99,555	-5.7%	5.7%	5.7%	$6.04	0	0	0
Overall Total	**21,622,013**	**72,159**	**18,599**	**0.1%**	**7.1%**	**9.8%**	**$6.11**	**639,893**	**231,492**	**430,080**